



## Performance Pay in Houston

December 2008

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### Introduction

In 2006, the Houston Independent School District (HISD) developed what became the largest district-level performance pay program in the United States. With a student population of nearly 200,000, a teacher force that is approximately 12,600 strong, and 293 schools, the development of Houston's performance pay program serves as a useful example for other large school districts considering alternative compensation (Houston Independent School District, 2008a).

In order to create effective, sustainable performance pay programs, it is important that administrators and policymakers have access to high-quality information that allows them to learn from the successes and failures of previous attempts to reform compensation. HISD's performance pay program is particularly interesting in that it is one component within a larger comprehensive education improvement initiative called ASPIRE (Accelerating Student Progress. Increasing Results & Expectations), which uses data on student progress to inform targeted policy and resource allocation decisions. The performance pay component is called the ASPIRE Award Program.

### Case Summary at a Glance

- ASPIRE Award (Accelerating Student Progress. Increasing Results & Expectations) is a performance pay program that rewards teachers in the Houston Independent School District according to improvements made in students' test scores.
- The goals of the ASPIRE Award are to improve and recognize student achievement, increase the retention of effective teachers and the equitable distribution of teachers, and promote collaboration among teachers.
- The awards system is comprised of a complex system consisting of multiple strands of awards for various teacher groups and other campus staff. The awards system currently measures performance using Dr. William Sanders' Educational Value-Added Assessment System (EVAAS) model.
- Preliminary lessons learned relate to the importance of communication between all stakeholders at each stage of development, effectively balancing program complexity with fairness, and embedding the performance pay program within larger school improvement activities.

This case summary was developed with information obtained from document reviews and semistructured interviews with two senior district officials and two teacher labor organization officials: Karen Garza, Ph.D., HISD chief academic officer; Julie Baker, Ph.D., Interim ASPIRE Director; Gayle Fallon, Houston Federation of Teachers president; and Chuck Robinson, Congress of Houston Teachers executive director. It is important to note that Texas is not a collective bargaining state. The teacher labor organizations, although powerful, are not permitted to engage in collective bargaining over pay and other matters on behalf of their members. Additional feedback was provided by Carla Stevens, HISD assistant superintendent, Research and Accountability.

The first section of this case summary details the evolution of performance pay in Houston, which includes setting the context of reform in the Houston schools and discussing the impetus for embarking on such an initiative, the involvement of various stakeholders, and issues that arose as the program unfolded. The second section presents the components of HISD's ASPIRE Award Program. It describes the teacher groups that are eligible for each type of award, the ranges in the values of these awards, and changes in the structure of the awards across time. The third section draws conclusions about the program, and the fourth section summarizes the lessons learned from HISD's experiences and includes teacher labor organization and district perspectives.

## **The Evolution of Performance Pay in Houston**

### **Context**

Like many large urban districts, HISD is affected by high levels of poverty and serves a large number of English language learners. Thirty percent of students have limited English proficiency, 65 percent are at risk for dropping out of school, and 79 percent are economically disadvantaged (HISD, 2008a). As is also the case with many urban districts, there were ongoing concerns about the number and quality of teachers in Houston's public school system. In many ways, performance pay in Houston was developed in order to address this context.

When the current performance pay program launched in Houston, performance pay for teachers was not an entirely new concept. A performance pay program that existed for several years in the 1970s awarded bonus payments for student attendance, student test scores, and teaching hard-to-staff subjects. This plan was abolished when a new superintendent took office in the early 1980s (G. Fallon, personal communication, August 4, 2008). Also, in 1995, schoolwide bonuses based on the Texas Education Agency (TEA) ratings of school performance were implemented. Under this program, all teachers at schools that the TEA rated as either *exemplary* or *recognized* received a salary bonus (Saavedra, 2007). The amount each teacher received depended on how the school chose to divide the award but tended not to exceed \$800 (C. Robinson, personal communication, October 14, 2008). This arrangement encouraged collaboration among teachers within a school, but it did not reward individual teacher performances.

The development of Houston's ASPIRE Award Program occurred within a setting of statewide teacher pay reform. In 2005, Texas implemented its Governor's Educator Excellence Award Program. In September 2006, 63 Houston schools received grants ranging from \$40,000 to

\$225,000 through this state initiative. Earlier that year, the Texas Legislature introduced a state-level school finance bill that increased the state share of education funding, raised teacher pay, and created a statewide teacher incentive pay program.

### **The Early Stages of Reform**

Conversations about introducing a more elaborate performance pay program in HISD began in early 2005. By June, with strong encouragement from the HISD school board, newly appointed Superintendent Dr. Abelardo “Abe” Saavedra requested funds; developed an initial plan; and solicited feedback on the plan from teachers, principals, and the wider community. In January 2006, the district approved the Teacher Performance-Pay Model 2005–06, which would provide bonuses to teachers whose students made sufficient academic progress. In all, the district worked on the design of the plan for six months (C. Stevens, personal communication, October 17, 2008).

The program was designed based on reviews of current systems implemented nationally, bearing in mind the framework and guidelines established by the Board and the superintendent with feedback and input from the participants of a number of teacher forums that were held to solicit teacher input to frame the proposed program (C. Stevens, personal communication, October 17, 2008). HISD also formed a teacher advisory committee to review the proposal (C. Stevens, personal communication, October 17, 2008). But according to the Houston Federation of Teachers, authentic teacher involvement was lacking during the initial planning conversations (G. Fallon, personal communication, August 4, 2008). From the perspective of the Congress of Houston Teachers, the district adopted a unilateral, top-down approach to developing the program (C. Robinson, personal communication, August 4, 2008).

Even within the school district administration, there was little infrastructure for cross-departmental communication and collaboration in the development of the program. The superintendent gave the HISD research department sole responsibility for designing and implementing the program; he gave other departments in the district no role or ownership in the program (C. Stevens, personal communication, October 17, 2008).

As a result of the quick and relatively noncollaborative planning process, challenges arose. According to the teacher association, during the planning stages, the media and teachers paid little attention to these system flaws (C. Robinson, personal communication, August 4, 2008). Nevertheless, when individual teachers’ awards were first presented in January 2007, it became apparent that the successful implementation of performance pay in Houston would require overcoming certain hurdles.

### **Initial Implementation Challenges**

The following implementation challenges emerged when the first award distribution took place:

- The emotional impact of differential pay on school staff became apparent. Roughly half of the eligible teachers received a bonus (Saavedra, 2007). Those who did not, as well as those who were not eligible for the individual teacher awards (e.g., teachers of untested grades and subjects, including teachers of Grades PK–2, special education, fine arts, foreign languages, vocational courses and electives), became angry and upset over what

they viewed as a divisive and unfair policy (Mellon & Radcliffe, 2008). Some teachers who received bonuses shared them with teachers who did not qualify. From the perspective of union leaders, teacher morale hit a 20-year low (Cerota, 2007). Several hundred angry teachers attended the school board meeting to protest (G. Fallon, personal communication, August 4, 2008).

- Teachers and the community did not perceive the district's approach to determining performance-based awards as transparent. In order to assess the effectiveness of teachers in improving student progress, the district developed a complex formula that took a variety of test score and demographic data into account. Some teachers did not understand the formula. According to union representatives, there was general confusion and misunderstanding among teachers, especially among those with little training in quantitative methods. Meanwhile, teachers with strong quantitative backgrounds were not allowed access to the data that formed the basis of their performance awards. For example, some who did not receive bonuses compiled various sources of student achievement data that showed the areas in which their students performed better than those of colleagues who did receive bonuses (G. Fallon, personal communication, August 4, 2008; C. Robinson, personal communication, August 4, 2008).
- The early publication of teachers' performance awards on *The Houston Chronicle's* website created an initial challenge as well. HISD was required by law to provide the information as requested through an Open Records Act. But as a result, many teachers learned of their performance bonuses from the website before they had received official notification from the district (G. Fallon, personal communication, August 4, 2008). The website listed, in descending order, the names and award amounts for each teacher in the district by school. According to the Houston Federation of Teachers, an unintended consequence was that many parents asked for their child to be placed with a teacher who had received a performance-based award (G. Fallon, personal communication, August 4, 2008).
- Finally, in March 2007, two months after teachers received their awards, it became clear that, due to a computation error, 99 part-time teachers mistakenly had received bonuses, portions of which they then had to return to the district (Mellon, 2008).

## Addressing Implementation Challenges

HISD took several steps to address these early implementation challenges. First, Dr. Saavedra acknowledged that he had not expected the program to be perfect from the start, but he expressed confidence that the second year would be more successful (Saavedra, 2007). He also took aggressive steps to improve communication and redesign the performance pay program to address various flaws. For example, in January 2007, Dr. Saavedra published an article in the *Houston Chronicle* to clarify and provide background on the performance pay program (Saavedra, 2007). Dr. Saavedra also indicated that teachers could opt out of the program, although their performance would still be closely reviewed (Mellon, 2008).

Dr. Saavedra and HISD Chief Academic Officer Dr. Karen Garza formed an advisory panel of approximately 20 classroom teachers who worked with top district officials and national experts on teacher performance pay to design an improved model. The district moved from an internal

value-added calculation to contracting with SAS EVAAS (Educational Value-Added Assessment System) to use Dr. William Sanders' nationally known value-added analysis model. In addition to Dr. Sanders, other external partners such as Battelle for Kids were subsequently brought in to play key roles in program implementation. Also at this time, the panel improved the data system and internal communication structures, and it assessed and revamped external communication strategies in an attempt to improve the program and make it more transparent. The union, however, does not agree that transparency has improved the program to the appropriate level (G. Fallon, personal communication, October 7, 2008).

Between January and September 2007, the advisory group developed a new performance pay program, the ASPIRE Award Program, within the district's new ASPIRE educational improvement model. In September 2007, the HISD school board unanimously voted to accept the revised plan. This plan placed greater emphasis on teamwork and less on individual teachers' results. For instance, since individual teacher-level data at the high school level cannot be calculated using EVAAS, high school awards were aggregated to the departmental level so that, for example, all English teachers received the same bonus. According to the Congress of Houston Teachers, as a result, the pool of eligible teachers widened, which appeased some teachers but also forced a reversal in the ideological pursuit of individualized "high stakes" data-driven awards (C. Robinson, personal communication, October 14, 2008).

In April and May 2008, the district launched the ASPIRE Regional Community Forum series, *A Focus on Every Child*. This forum series furthered communication efforts through dozens of meetings at schools to provide updates on the ASPIRE program and information about value-added analysis and its use in HISD schools (HISD, 2008a).

## **Current ASPIRE Award Program Components**

The ASPIRE education improvement program now consists of a four-pillar approach: developing human capital, improving teaching and learning, using data to inform decision making, and recognizing excellence. The goals of the current ASPIRE Award Program in Houston are as follows:

- Promote the retention of highly effective teachers.
- Provide incentives for highly qualified teachers to work at economically disadvantaged campuses.
- Advance efforts to ensure stability at campuses with high levels of student achievement.
- Encourage collaboration and cooperation between teachers.
- Recognize and reward exceptional student academic progress at the campus and classroom level.

The ASPIRE Award Program uses value-added analysis to measure student progress on standardized exams and determine teachers' performance bonuses. The performance bonus model consists of a complicated combination of both individual teacher and schoolwide bonuses. The program differentiates between nine types of teaching staff (Section A through Section I) and five types or "strands" of awards (Strand I through Strand IIIC). Each teacher receives all

awards for which he or she is eligible. Table 1 presents categories of teaching staff and the maximum award available in each category. Table 2 presents the strand, its name, and the teaching staff members eligible for each strand.

**Table 1. 2007–08 ASPIRE Awards for Teachers and Staff (to be paid January 2009)**

Section	Teacher/Staff Type	Maximum Award
A	Core Teachers, Grades 3–6, Self-Contained	\$7,800*
B	Core Teachers, Grades 3–8, Departmentalized	\$7,800*
C	Core Teachers, Grades 9–12	\$7,800*
D	Core Teachers, Early Childhood–Grade 2	\$5,100
E	Special Education Teachers	\$5,100
F	Noncore Teachers	\$2,600
G	Instructional Support Staff	\$1,450
H	Teaching Assistants	\$850
I	Operational Support Staff	\$500

*Source:* Adapted from the Houston Independent Schools website (HISD, 2008c).

\* The 2008–09 awards (to be paid in 2010) will increase this maximum amount to \$10,300.

**Table 2. 2007–08 ASPIRE Awards for Teachers and Award Strands**

Strand Number	Strand Name	Sections Awarded
Strand I	Campus Progress Award	All Sections
Strand II	Teacher Progress Award	A–E
Strand IIIA	Campus Improvement Award	A–G
Strand IIIB	Campus Achievement Award	A–H
Strand IIIC	Campus Writing Achievement Award	A–F

*Source:* Adapted from the Houston Independent Schools website (HISD, 2008c).

## Strand I

Eligible staff receive rewards in schools where students demonstrate above-average academic progress. In order to determine above-average progress, the district groups schools by elementary, middle, or high school. In order for teachers in a school to receive a bonus, the average academic progress of the school's students must rank in the top one or two quartiles of their HISD comparison group for three years, as measured by the Texas Assessment of Knowledge and Skills (TAKS) and the Sanford/Apprenda examinations. Groups A–F receive \$1,000 for Quartile 1 and \$500 for Quartile 2; Groups G and H receive \$750 for Quartile 1 and \$375 for Quartile 2; and Group I receives \$500 for Quartile 1 and \$250 for Quartile 2.



## **Strand II**

This strand provides the largest awards and varies the most across teacher types. Various types of core teachers receive individual teacher awards when their students' progress scores fall within Quartiles 1 or 2. Students' progress is a composite measure of three years of TAKS and the national Stanford/Aprenda<sup>®</sup> examinations in mathematics, reading, language arts, social studies, and science scores. The maximum award for teachers in Sections A–C is \$5,000 for Quartile 1 and \$2,500 for Quartile 2. The maximum award for teachers in Sections D–E is \$2,500 for Quartile 1 and \$1,250 for Quartile 2 (HISD, 2008c). Each subject is worth the maximum amount divided by the number of core subject areas taught (C. Stevens, personal communication, December 1, 2008).

## **Strand IIIA**

Eligible staff receive this award at campuses that the TEA ranks in Quartile 1 or Quartile 2 in terms of the school's improvement on the reading and math TAKS examinations relative to TEA-designated comparison schools. Groups A–F are awarded \$500 for Quartile 1 and \$250 for Quartile 2 per subject; and Group G is awarded \$250 for Quartile 1 and \$125 for Quartile 2 per subject.

## **Strand IIIB**

Eligible staff receive this award if their campus earns a TEA rating of *exemplary* or *recognized*, based on student test scores. Groups A–F receive \$400 for *exemplary* and \$200 for *recognized*; Group G receives \$200 for *exemplary* and \$100 for *recognized*; and Group H receives \$100 for *exemplary* and \$50 for *recognized*.

## **Strand IIIC**

Eligible staff receive this award if 70 percent or more of students' TAKS writing scores meet the college readiness standard on fourth or seventh grade TAKS writing or eleventh grade TAKS English language arts, or rank in Quartile 1 or Quartile 2 in terms of improvement. Eligible staff receive bonuses between \$200 and \$400.

## **Houston Performance Pay: 2006 to the Present**

In June 2006, HISD received an \$11.8 million Teacher Incentive Fund grant to be spent over five years. This grant added to the \$14.5 million that the district had already budgeted for its Teacher Performance-Pay Model 2005–06 (C. Stevens, personal communication, December 1, 2008). Under this plan, teachers of core subjects could earn as much as \$6,000 in bonuses per year from students' performance on state and national standardized tests, such as TAKS or the national Stanford/Aprenda<sup>®</sup> achievement tests (Houston Independent School District, 2006). Noncore subject teachers could earn up to \$3,000; principals could earn up to \$9,000; and the superintendent could earn up to \$25,000 (C. Stevens, personal communication, October 17, 2008).

The 2005–06 program consisted of three components: Strand I, Campus Improvement and Achievement based on TEA accountability and comparable improvement on the TAKS; Strand II, Campus and Classroom Growth on Stanford/Aprenda results for all instructional staff; and Strand III, Classroom Growth on the TAKS for core teachers.

After HISD voted in September 2007 to address the initial implementation challenges by revising the performance pay plan, it increased local spending on ASPIRE from \$14.5 million to \$22.5 million. Increases in resources to administer the program were made possible with additional funding from the Broad Foundation. The Broad Foundation donated \$3.6 million to help the district develop and manage the student achievement data for determining the awards, contract with SAS EVAAS, create a communications plan, create a website to provide information about the program to teachers, and pay for a portion of districtwide professional development program to train teachers and administrators on using the data.

Three months later, the Bill & Melinda Gates Foundation awarded an additional \$4.5 million to provide additional professional development for teachers to use value-added data to inform planning and instruction, to develop a learning management system, and to provide tools to facilitate districtwide communication. The Michael and Susan Dell Foundation awarded the district a grant to expand ASPIRE into performance management at the central office in addition to the existing program at the campus level. In October 2008, HISD accepted a District Awards for Teacher Excellence (DATE) state grant in the amount of \$13.1 million, which would allow it to expand the performance pay program for the 2008–09 academic year.

The HISD performance pay program has undergone some fairly large changes since it was introduced in 2006. Table 3 describes the basic evolution of the performance pay program. This includes the maximum award that a teacher could have earned, the average award that actually was paid to teachers, the types of awards that were available, the types of educators that were eligible for awards, the total award budgeted, and the total cost of the awards paid.



**Table 3. ASPIRE Program Changes**

<b>School Year*</b>	<b>Maximum Award</b>	<b>Average Actual Award</b>	<b>Strands</b>	<b>Teachers/Staff Awarded</b>	<b>Total Award Budget***</b>	<b>Total Award Paid</b>
2005–06	\$6,000	\$1,847	IA/B, II A/B, III	“Core Instructional Staff,” “Noncore Instructional Staff,” and “Noninstructional Staff”	\$14.5 million local; \$3.9 million TIF grant	\$15.6 million
2006–07	\$7,300	\$2,100	Revised strands to use EVAAS data and reordered the strands: I, II, IIIA, IIIB	Groups A–D, “Noncore Instructional Staff,” and “Noninstructional Staff”	\$22.5 million local; \$2.9 million TIF grant	\$24.8 million
2007–08	\$7,800	n/a	Added IIIC	Groups A–I**	\$29.5 million local; \$2.2 million TIF grant; \$644,540 FIE grant	Payout January 2009
2008–09	\$10,300	n/a	No substantial change anticipated from the 2007–2008 model	Groups A–I**	\$29.5 million local; \$1.6 million TIF grant; \$13 million DATE grant	Payout January 2010

*Source:* Adapted from the Houston Independent Schools website (HISD, 2007, 2008b, 2008c, 2008d; C. Stevens, personal communication, December 1, 2008; Mellon & Radcliffe, 2008).

\* The data from these school years are those that determine the awards. The district actually distributes the awards early in the following year. For example, the district will not distribute awards from the 2008–09 school year until early 2010.

\*\* “Noncore Instructional Staff” was expanded to differentiate categories E–I, which include special education teachers, noncore teachers, instructional support staff, teaching assistants, and operational support staff.

\*\*\* This does not include any administrative, infrastructure, data, or professional development costs.

## Conclusions and Looking Ahead

Although the Broad Foundation grant is specifically for the implementation of the ASPIRE Award program, it is of note that the Gates Foundation and Dell do not directly support the individual educators’ performance awards but rather the broader ASPIRE program through support for value-added data-driven school improvement (J. Baker, personal communication, August 26, 2008; K. Garza, personal communication, August 26, 2008; C. Stevens, personal communication, October 17, 2008). This funding arrangement demonstrates the interconnectedness between efforts to improve school performance more generally by using data

on student progress and efforts to attract and retain effective teachers through performance pay based on these data.

HISD uses the EVAAS model not only to determine the ASPIRE Award bonuses but also to identify which schools are and are not making progress in student achievement and to plan professional development opportunities. HISD intends to further expand the use of the EVAAS model in the future to evaluate teacher preparation programs, districtwide programs and practices, and the effectiveness of the central office staff (J. Baker, personal communication, August 26, 2008; K. Garza, personal communication, August 26, 2008). In this way, the district's initial effort to pay teachers for performance has extended into other district reform priorities as well.

There is disagreement between the district and teacher labor organizations regarding the effectiveness of performance pay in Houston. One news article claims that complaints continue, although the "rage" has died down (Mellon & Radcliffe, 2008). The district is optimistic about the impact of the performance pay program. According to a district official, the program is gaining acceptance among Houston teachers (Sawchuk, 2008). According to the district, teacher attrition has decreased since the district implemented the performance pay program. The district's data show that in 2005, for example, of HISD's approximately 12,500 teachers, 1,554 total teachers and 773 new teachers (i.e., teachers with four or fewer years of experience) left the district. In comparison, in 2006 only 1,262 teachers and 576 new teachers left the district. This is equivalent to a 19 percent and 25 percent decrease respectively (Coates-McBride & Kritsonis, 2008). The district is confident that teacher attrition will continue to decline (J. Baker, personal communication, August 26, 2008; K. Garza, personal communication, August 26, 2008). The union's data, on the other hand, do not depict this decline in attrition. Their data show that in 2005, 1,176 teachers left the district, whereas in 2006, 1,393 teachers left (American Federation of Teachers, 2008). At the time of writing, both the district and teachers' union are awaiting more recent data on teacher attrition.

Houston school officials also attribute student test-score improvements in the 2007–08 academic year to the "rebranded" performance pay and data model (Sawchuk, 2008). Student gains in reading, mathematics, and science TAKS exams improved by more than 10 percentage points between 2005 and 2008, and the achievement gap between Hispanic and Caucasian students narrowed from 33 points to 27 points in the past year alone (Mellon & Radcliffe, 2008). The district also experienced increases in the percentage of students performing at the higher levels on the state test and nearly doubled the number of schools rated *exemplary* or *recognized* by the state accountability system from 84 in 2007 to 157 in 2008 (C. Stevens, personal communication, December 12, 2008). District officials believe that multiple factors led to this improvement but most specifically tie it to the district's performance pay program (Coates-McBride & Kritsonis, 2008). Union officials are skeptical, however, about the availability of data to evaluate the program's effectiveness (G. Fallon, personal communication, August 4, 2008) and the validity of claims of any positive effect (C. Robinson, personal communication, August 4, 2008). Despite test score gains, HISD's dropout rate is between 35 percent to 50 percent (Mellon & Radcliffe, 2008). The unions claim that it is too early to draw conclusions about the success of the program and that, even outside of Houston, there is no research to support a relationship between value-added performance pay models and student learning. In

addition, they note that teachers do not believe the program has changed their behavior. They also note that anecdotal evidence suggests that teachers are unsure which behaviors lead to them receiving bonuses (G. Fallon, personal communication, August 4, 2008; C. Robinson, personal communication, August 4, 2008).

## **Lessons Learned**

A number of lessons emerge from HISD's experience with implementing a performance pay system. Both union and administrator views on lessons learned are presented in this section.

### **Communication Is Essential**

**Union Perspective.** Communicating with teachers at all stages of program development and implementation is essential. First, teachers must be involved from the earliest stages. In addition, the criteria for evaluating and paying teachers must be transparent. This includes educating teachers about the principles behind value-added analysis. Because the EVAAS formulae are proprietary, teachers may never feel the system is sufficiently transparent and may remain skeptical and lack a sense of ownership that would contribute to its effectiveness (C. Robinson, personal communication, October 14, 2008). As the program evolves, the voices of teachers must guide the improvements. According to the Houston Federation of Teachers, administrators often are unaware of teachers' perceptions of pay-related issues (G. Fallon, personal communication, August 4, 2008). By involving key stakeholders throughout the process, administrators and teachers are more likely to work collaboratively and cohesively.

**District Perspective.** The district highlights the need to continually seek ways to improve communications with and the understanding of all stakeholders. Internal and external communication and delegation must be strategic and intentional, especially in a district as large as HISD, with so many district departments, teachers, and other stakeholders to involve. Some of the essential communication channels and protocols were not in place at the beginning of the reform initiative, including the ASPIRE website and data-driven information systems. Though crucial, strong internal and external communication may be challenging. The district has found the following developments helpful in aiding communication: a detailed communication plan that includes various advisory groups, an ASPIRE Portal, print brochures, CD-ROM videos, e-mail notices, and training for teachers, principals, and parents/community; the development of an interdisciplinary Executive Committee that meets at least twice per month; and a Solutions Map that defines the roles of internal departments and tracks the flow of data between them.

### **Fairness Must Balance Complexity**

**Union Perspective.** There were several instances in which, in an effort to more *fairly* reward teachers on the basis of student performance, the complexity of the program increased and made it too difficult to understand. Teachers consider student progress to be more representative of actual student growth than a single student achievement measure and, consequently, view progress as a fairer basis for awarding bonuses. Conversely, the model for measuring student progress is complicated and not fully transparent. As a result, attempts to be fair may have gone unappreciated by those whose interests they were intended to serve.

In addition, for several subject areas, student progress cannot be measured by current standardized tests. In Houston, biology, chemistry, and physics are not tested separately, and U.S. history is tested only once and cannot produce a progress score. The performance of teachers of these subjects, therefore, had to be addressed in a different manner (C. Robinson, personal communication, October 14, 2008). Likewise, at already high-performing schools, where there is little room for further progress in standardized assessment scores, there were questions raised as to whether teachers were at a disadvantage when bonuses were based on student progress rather than achievement (G. Fallon, personal communication, October 7, 2008).

A final example of potentially avoidable divisiveness that resulted from the complexity is that second grade teachers could only earn half of what third grade teachers earned (C. Robinson, personal communication, October 14, 2008). No system is perfect, but districts should consider from the outset how a performance pay program will assess various faculty groups fairly without creating a system that is so complex that few can understand it (G. Fallon, personal communication, August 4, 2008; C. Robinson, personal communication, August 4, 2008).

**District Perspective.** The details of the value-added model may be complex; however, HISD has worked hard to assist schools, teachers, and principals in gaining a deeper understanding of the value-added model. HISD officials believe that schools and the public now have confidence in the fairness of the system. The district developed a series of four levels of value-added training. The district also is working on a credentialing process that will track the levels of training that staff complete, and the district will recognize schools that have a high percentage of staff who have completed all four levels of training (J. Baker, personal communication, August 26, 2008; K. Garza, personal communication, August 26, 2008). Through this communication and training, the district attempts to maintain a fairer, albeit complex, system while endeavoring to ensure that teachers are able to understand how evaluators determine their performance awards.

### **Explicit Goals Should Guide Performance Pay and Form Part of a Larger Effort to Improve Teacher Quality**

**Union Perspective.** In Houston, the ASPIRE Award Program is just one component of a larger school improvement effort, ASPIRE. Value-added data, if used correctly and not attached to high-stakes outcomes, can be a helpful diagnostic tool that can aid in reflection by facilitating data-informed decisions. Performance bonuses should not be viewed as the only outcome of such analysis but rather in conjunction with other policies aimed at improving teacher effectiveness. The union cautioned that the introduction of a performance pay program must make clear how it relates to specific school improvement needs and that ideology about the value of incentives in managing teachers must remain out of the dialogue. Along these lines, the union stressed the importance of determining and gaining consensus regarding the goals of the program before moving forward with its implementation. The union officials shared the belief that HISD's goals would be better met by a differentiated pay system that based awards on added responsibilities rather than student test scores.

**District Perspective.** In the first year of the program, the research department was given the sole responsibility to design and implement the performance pay program without the involvement or

ownership from other internal departments. The district learned that the program needed to be embedded in a larger reform effort, and to do this, all departments and components of the district needed to work closely with one another for the program to succeed (J. Baker, personal communication, August 26, 2008; K. Garza, personal communication, August 26, 2008). Indeed, Saavedra attributes increases in student gains to the broader refocus on student growth, rather than the pay bonuses specifically (Mellon & Radcliffe, 2008).

## **Conclusion**

HISD made an earnest effort with a large and risky undertaking. Although it was not without flaws, the district demonstrated a willingness to modify the program so that it continually would be improved and expanded. The district's willingness to modify and improve the program is indicative of its intentions to sustain its commitment to the performance pay program. At the least, the district's efforts have sparked debate and brainstorming about compensation reform for teachers. At best, it may prove to have a positive effect on teacher retention and student learning. Although it is still too early to definitively evaluate the success of program, there is much to be learned from the obstacles and successes in Houston as other districts embark on similar performance pay initiatives.

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*The Center for Educator Compensation Reform (CECR) would like to thank Sabrina Laine, Ph.D., Learning Point Associates; Cortney Rowland, Learning Point Associates; Ellen Cushing, Learning Point Associates; Molly Lasagna, Learning Point Associates; Amy Potemski, Learning Point Associates; and Elizabeth Witt, Ph.D., U.S. Department of Education for reviewing drafts of this case summary.*

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The Center for Educator Compensation Reform (CECR) was awarded to Westat—in partnership with Learning Point Associates, Synergy Enterprises Inc., Vanderbilt University, and the University of Wisconsin—by the U.S. Department of Education in October 2006.

The primary purpose of CECR is to support the Teacher Incentive Fund (TIF) grantees with their implementation efforts through the provision of ongoing technical assistance and the development and dissemination of timely resources. CECR also is charged with raising national awareness of alternative and effective strategies for educator compensation through this newsletter, a Web-based clearinghouse, and other outreach activities. We look forward to an exciting partnership with the TIF grantees as we embark together on blazing a new path for education reform.

This work was originally produced in whole or in part by CECR with funds from the U.S. Department of Education under contract number ED-06-CO-0110. The content does not necessarily reflect the position or policy of CECR or the Department of Education, nor does mention or visual representation of trade names, commercial products, or organizations imply endorsement by CECR or the federal government.

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